

The opinion in support of the decision being entered today was *not* written for publication and is *not* binding precedent of the Board.

Paper No. 28

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte JOHN KOLLAR

MAILED

JUL 25 2001

Appeal No. 1998-3109
Application 08/567,564

PAT. & T.M. OFFICE
BOARD OF PATENT APPEALS
AND INTERFERENCES

ON BRIEF

Before WARREN, OWENS and ROBINSON, *Administrative Patent Judges*.

WARREN, *Administrative Patent Judge*.

On Request For Rehearing

We reissued our original decision of July 17, 2000 (Paper No. 24; hereinafter original decision) in our prior decision on rehearing of February 28, 2001 (Paper No. 26; hereinafter prior decision on rehearing) because we modified our original decision in response to appellant's prior Request for Rehearing (Paper No. 25; hereinafter prior Request), creating, in effect, a new decision, entitling appellant to a single (one) further request for rehearing under 37 CFR § 1.197(b) (1997), first sentence, on the record as it stood at that time (see prior decision on rehearing, pages 4 and 27).

Appellant, in his Rehearing Response to BPAI On Brief, filed April 23, 2001 (Paper No. 27; hereinafter present Request), now requests a further rehearing of our original decision, as modified by our prior decision on rehearing, wherein we denominated our affirmance of the

examiner's ground of rejection of appealed claims 1 through 17 under 35 U.S.C. § 102(b) "based upon a sale (or an offer to sale [sic, sell]) of the invention" by Redox Technologies, Inc. to Celanese Corporation, as involving a new ground of rejection pursuant to our authority under 37 CFR § 196(b) (1997) (original decision, pages 2-3; prior decision on rehearing, page 4).

In his present Request, Appellant contends that we have misapprehended only the facts with respect to the "key areas" of "'Sale,' 'Experimental' and 'Ready for Patenting,'" and "not issues of law" (present Request, page 2; see also, e.g., pages 11-15).¹

We will not reiterate our original opinion and prior opinion on rehearing in their entirety, setting forth only the following from these decisions which we find useful to our consideration and discussion of appellant's present Request.²

The test for the application of the on-sale bar to a claimed invention under 35 U.S.C. § 102(b) stated by the Supreme Court in *Pfaff v. Wells Elect., Inc.*, consists of two conditions:

[T]he on-sale bar applies when two conditions are satisfied before the critical date. First, the product must be the subject of a commercial offer for sale. . . . [The] rule . . . measures the application of the on-sale bar of § 102(b) against the date when an invention that is ready for patenting is first marketed commercially. In this case the acceptance of the purchase order prior to [the critical date] makes it clear that such an offer had been made, and there is no question that the sale was commercial rather than experimental in character.

Second, the invention must be ready for patenting. That condition may be satisfied in at least two ways: by proof of reduction to practice before the critical date; or by proof that prior to the critical date the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention. In this case the second condition of the on-sale bar is satisfied because the drawings Pfaff sent to the manufacture before the critical date fully disclosed the invention. [525 U.S. 55, 67-68, 48 USPQ2d 1641, 1646-47 (1998).]

¹ Requests for rehearing must comply with 37 CFR § 1.197(b) (1997) which specifies that "[t]he request for rehearing must state with particularity the points believed to have been misapprehended or overlooked in rendering the decision and also state all other grounds upon which rehearing is sought."

² 37 CFR § 1.196(b) (2) (1997) provides that "[t]he decision on rehearing is deemed to incorporate the earlier decision for purposes of appeal, except for those portions specifically withdrawn on rehearing . . ." Thus, we refer in this opinion on rehearing to the parties, the different components of the "Technology," and papers and exhibits submitted as of the prior Request in the manner in which we referred thereto in our original decision (see, e.g., pages 3-5 and 8-12) and prior decision on rehearing (see, e.g., pages 3-5).

It is well settled that whether the claimed invention was on-sale within the meaning of § 102(b) more than one year prior to the date that the present application was filed is a question of law based on underlying facts. *See, e.g., Tec Air, Inc. v. Denso Mfg. Michigan. Inc.*, 192 F.3d 1353, 1358, 52 USPQ2d 1294, 1296 (Fed. Cir. 1999).³ Because this application was filed on December 5, 1995, the *critical date* for the purpose of applying this statutory provision to the appealed claims in view of the record of this patent application, that is, more than one year prior to the date that the present application was filed, is *December 5, 1994*. *See, e.g., Pfaff*, 525 U.S. at 57-58, 48 USPQ2d at 1642. The standard of proof that must be met by the examiner in making a rejection of the appealed claims under the on-sale bar of § 102(b) is a preponderance of the evidence. *See In re Caveney*, 761 F.2d 671, 674, 226 USPQ 1, 3 (Fed. Cir. 1985).⁴

The focus of our consideration is the testimonial and documentary evidence of record which pertains to the claimed basic two step process encompassed by appealed claim 1 *per se*, even though the evidence discloses that this process is used as an intermediate step in a broader process to make a different product, *see RCA Corp. v. Data General Corp.*, 887 F.2d 1056, 1061-62, 12 USPQ2d 1449, 1453-54 (Fed. Cir. 1989), and this claim, through the use of the transitional term “comprising,” also encompasses the broader process. *See In re Baxter*,

³ *See also STX LLC v. Brine Inc.*, 211 F.3d 588, 590, 54 USPQ2d 1347, 1349 (Fed. Cir. 2000); *Ferag v. Quipp, Inc.*, 45 F.3d 1562, 1566, 33 USPQ2d 1512, 1514-15 (Fed. Cir. 1995).

⁴ In *Caveney*, our reviewing court discussed the applicability of the different standards of proof required with respect to the prosecution of patent applications before the United States Patent and Trademark Office and invalidating a patent claim:

[A]lthough patents are entitled to a presumption of validity under 35 U.S.C. § 282, and the party asserting patent invalidity under 35 U.S.C. § 102(b) must support the assertion by facts constituting clear and convincing evidence, . . . patent applications are not entitled to the procedural advantages of 35 U.S.C. § 282. From *In re Etter*, [756] F.2d [852,] 225 USPQ 1 (Fed. Cir. 1984) (en banc), it is apparent that, due to 35 U.S.C. § 282, the standard of proof required to properly reject the claims of a patent application is necessarily lower than that required to invalidate patent claims. The three standards of proof generally recognized are proof by a preponderance of the evidence, proof by clear and convincing evidence, and proof beyond a reasonable doubt. . . . Because it is the only standard of proof lower than clear and convincing, preponderance of the evidence is the standard that must be met by the PTO in making rejections . . . [761 F.2d at 674, 226 USPQ at 2-3; internal citations and footnote omitted.]

656 F.2d 679, 686-87, 210 USPQ 795, 802-03 (CCPA 1981).

In order to demonstrate that the claimed invention was, *prima facie*, on-sale within the meaning of § 102 (b), the examiner must first establish that the claimed process was “the subject of a commercial offer for sale” before the critical date. *Pfaff*, 525 U.S. at 67, 48 USPQ2d 1646. This burden can be carried by showing that there was a definite sale or offer to sell a process which fully anticipated the claimed process or would have rendered the claimed process obvious to one of ordinary skill in this art by its addition to the prior art. *See Tec Air*, 192 F.3d at 1358, 52 USPQ2d at 1296-97. Thus, “the first determination in the § 102 (b) analysis must be whether the subject of the barring activity met each of the limitations of the claims, and thus was an embodiment of the claimed invention.” *Scaltech Inc. v. Retec/Tetra, L.L.C.*, 178 F.3d 1378, 1383, 51 USPQ2d 1055, 1058-59 (Fed. Cir. 1999).

If it is established that, *prima facie*, embodiments of the claimed invention were the subject of a commercial offer for sale before the critical date, the examiner must then establish that, *prima facie*, the claimed process was ready for patenting, which is the second condition of the test announced by the Supreme Court in *Pfaff*, 525 U.S. 55, 67-68, 48 USPQ2d 1641, 1647. This condition may be satisfied at least by evidence that prior to the critical date, appellant had reduced the claimed invention to practice or had “prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention.” *Pfaff, supra*.⁵

Where the examiner demonstrates that the preponderance of the evidence of record establishes, *prima facie*, that the claimed invention was on-sale within the meaning of § 102(b) before the critical date under the test in *Pfaff*, 525 U.S. at 67-68, 48 USPQ2d at 1646-47, the burden shifts to appellant to demonstrate that the claimed invention was not on-sale within the meaning of § 102(b) prior to the critical date, or to come forward with evidence that the purpose of the on-sale activity with regard to the claimed invention was experimental and not commercial. *See, e.g., In re Hamilton*, 882 F.2d 1576, 1581, 11 USPQ2d 1890, 1893 (Fed. Cir. 1989); *Caveney*, 761 F.2d at 674-75, 226 USPQ at 3.

⁵ See also *STX LLC.*, 211 F.3d at 591, 54 USPQ2d at 1349-50.

In our prior decision on rehearing (pages 15-17), we presented a summary of our findings and conclusions with respect to the activities of Redox and the interaction between Redox and Celanese based on our analysis of the record as then constituted with respect to the claimed process as set forth in our original decision (pages 8-17, 26-34 and 41-48) and explained in our prior decision on rehearing (pages 5-15), and addressed appellant's arguments presented in his prior Request (pages 17-26).

Because we reissued our original decision as modified in our prior decision on rehearing, and in view of the *prima facie* case made out on the evidence of record as set forth in our prior decision on rehearing, we have again evaluated all of the evidence that embodiments of the claimed invention were and were not on-sale before the critical date within the meaning of § 102(b) based on the record as a whole, giving due consideration to the weight of appellant's arguments presented in the present Request. *See, e.g., Caveney, supra.*

We have carefully reconsidered all of the testimonial and documentary evidence of record, including presumptions we have drawn there from, with respect to the claimed basic two step process invention encompassed by claim 1, in light of appellant's arguments submitted in the present Request. Upon reconsideration, we maintain the findings of fact that we have set forth in our original decision and prior decision on rehearing.

We recognized in our original decision and prior decision on rehearing that the Celanese Definitive Agreement does provide for cooperative interaction with Redox with respect to any research and development conducted in the "Technology," such as in ¶ 2.1 thereof as discussed by appellant (present request, e.g., pages 3-4 and 6-9). However, we remain of the opinion expressed in our prior decision on rehearing (pages 12-14), that under this Agreement, Celanese was under no obligation to conduct such research and indeed, would enjoyed the right to terminate the Agreement or enter into the "Commercial Phase" without conducting any research with respect to the claimed basic two step process invention encompassed by claim 1 *per se* or as part of the "Technology."

There is also no evidence in the record that further research was required in order to reduce the claimed basic two step process invention encompassed by claim 1 to practice. In this

respect, as we set forth in our prior decision on rehearing (page 26), we were not persuaded by appellant's contention in his prior request that the claimed process was not ready for patenting because it only had "some" utility since appellant disclosed the process to Celanese in the context of the "Technology" as set forth in ¶ 7 of the Kollar declaration, noting the discussion at page 12 of our original decision and page 8 of our prior decision on rehearing. We are also not now persuaded that the claimed invention was not reduced to practice by appellant's unsupported allegation of "[d]isclosure by Redox to Celanese regarding what Redox considers as unsatisfactory operation of the invention and visa versa" (present Request, page 14). Indeed, the only support that the record would provide for such statement is if the word "invention" therein referred to the "Technology" because we fail to find in the record any such communication between Redox and Celanese with respect to the claimed basic two step process invention encompassed by claim 1. In this respect, we note again here that there is no evidence that the research and development which may be or was conducted with respect to commercialization of embodiments of the "Technology," that included embodiments of the claimed process encompassed by claim 1, under this agreement by Celanese was experimental in character with respect to the process encompassed by claim 1 (*see, e.g.*, prior decision on rehearing, page 15).

With respect to the possession and control by Celanese of documents containing written descriptions of the embodiments of the claimed basic two step process invention encompassed by claim 1 disclosed to Celanese by appellant and Redox and prepared by Celanese personnel, we are no more persuaded by appellant's allegation that "Redox retrieved all experimental results, information, reports, technology, rights and patents at the end of an experimental period as incorporated in the Agreement," in the present Request (page 14), then we were by appellant's similar allegation in the prior Request, which we found in our prior decision on rehearing (pages 14-15) to be contrary to the preponderance of the evidence of record, and thus entitled to little weight.

We now consider appellant's arguments with respect to the facts in the "key areas" of "'Sale,' 'Experimental' and 'Ready for Patenting'" (present Request, page 2). Appellant points out that under *Pfaff, supra*, there must be facts that support a "sale" and "ready for patenting," but no facts with respect to "experimentation" in order to establish an on-sale bar under § 102(b),

and contends that “[e]ach of these issues properly assessed on the knowledge and fundamental basic facts of commodity chemical invention eliminates any § 102(b) on-sale bar” (*id.*). As we understand appellant’s arguments and authority, appellant submits with respect to “sale” and “experimentation” (present request, pages 3-8) that the facts show there was no “sale” because “there is no product involved in the Agreement” (*id.*, page 5; *see also* page 3), in the sense of a “commercial” embodiment or representation (*id.*, page 5), since the purpose or goal of the Agreement was to develop the “Technology” through experimentation as “a research and development cooperation,” in which respect “cooperation and a sale are distinctly different,” and there is no indication of “commercial exploitation” (*id.*). With respect to “experimentation” (*id.*, pages 8-14) and “ready for patenting” (*id.*, pages 14-17), appellant submits that the facts show that the Agreement involved “experimental use” without “commercial exploitation,” pointing to the “experimental cooperation” with respect to the “Technology” required of Celanese under the Agreement consistent with “commodity chemical innovation,” for the primary purpose of perfecting the “Technology” invention which had not been actually reduced to practice such that it could be successfully practiced for its intended practical utility beyond a probability of failure, and thus embodiments of claim 1 used in the “Technology” were not “ready for patenting” even though reduced to practice.

We cannot agree with appellant that we misapprehended the facts or the application of the law to the facts in the evidence of record in this application. As an initial matter, we note again here that the standard of proof that must be met by the PTO rejecting claims in a patent application under the on-sale bar of § 102(b) is a preponderance of the evidence, as established by our reviewing court in *Caveney* (*see above* p. 3; *see also*, e.g., original decision, page 6).⁶

⁶ Appellant relies on the Manual of Patenting Examining Procedure (hereinafter MPEP) §§ 2133.03(e)(1) and 2133.03(e)(4) in various arguments in the present Request, and contends with respect to the first cited section the requirement that the standard of proof required of the PTO in finding a commercial offer of sale is “clear and convincing evidence,” which, of course, is clearly contrary to the position taken by our reviewing court in *Caveney*, 761 F.2d at 674, 226 USPQ at 3 (“Although the above-related activities may not be clear and convincing evidence of facts that show the claimed invention was offered for sale, we are satisfied that they establish such facts by a preponderance of the evidence. Accordingly, the board’s finding of these facts was not clearly erroneous.”). *See above* note 4. We note that appellant appropriately refers to the

We remind appellant that the focus of our basic inquiry into the activities of Redox and the interaction between Redox and Celanese is on the claimed basic two step process invention encompassed by claim 1, even if embodied within the multi-step processes falling within the “Technology” that are also encompassed by this claim (*see above* p. 3; *see also* prior decision on rehearing, page 5 and n. 7). Thus, the issue in this case is whether *appellant* commercially exploited the claimed basic two step process invention encompassed by claim 1 in executing the Celanese Definitive Agreement and the other agreements leading thereto, not whether Celanese commercially exploited the “Technology” pursuant to the Celanese Definitive Agreement (*see, e.g.*, original decision, pages 46-47).

With respect to “sale” and “experimentation,” an embodiment of a chemical process can be physically represented by a written description in a document which not only identifies the chemical process but also enables the practice of that chemical process by one of ordinary skill in the art. An embodiment of a chemical process can further be the subject of a commercial offer for sale wherein the document describing the process can be used to inform the buyer of the process being commercially offered for sale by the seller, and upon executing the sales contract, is transferred by seller to the possession and control of the buyer to enable the buyer to practice the purchased chemical process (*see, e.g.*, original decision, pages 34-36). A commercial offer for sale occurs between two separate entities, and there is no recognized exception where the sale is made in connection with a “joint agreement” between the entities to cooperatively conduct experimentation or manufacture with respect to the subject of the sales contract (*see, e.g.*, original decision, page 35; prior decision on rehearing, pages 20-21).

MPEP as providing “guidelines,” as indeed, the sections relied on by appellant direct the examiner’s attention to an incomplete listing of precedential decisions of our reviewing court and its predecessor courts, as well as other courts. However, it is apparent that these sections of the MPEP were prepared prior to the decision by the Supreme Court in *Pfaff, supra*, and the announced position of our reviewing court that the test in *Pfaff* is applied “without balancing various policies according to the totality of the circumstances” as had been done in cases prior to *Pfaff* involving the on-sale bar of § 102(b). *Weatherchem Corp. v. J.L. Clark, Inc.*, 163 F.3d 1326, 1333, 49 USPQ2d 1001, 1006 (Fed. Cir. 1998) (see our original decision, pages 5-6 & n. 13). We observe that appellant apparently overlooked MPEP § 2133.03(e)(3), “Completeness” of the Invention (“EXPERIMENTAL USE ENDS WHEN THE INVENTION IS ACTUALLY REDUCED TO PRACTICE”) in arriving at MPEP § 2133.03(e)(4).

Upon reconsideration of the facts of record in light of appellant's arguments, we remain of the opinion that the preponderance of the evidence shows that appellant commercially offered the "technology" including the claimed basic two step process invention encompassed by claim 1 for sale to Celanese in the Celanese Definitive Agreement and the other agreements leading thereto which embodied the claimed basic two step process invention encompassed by claim 1, and in connection therewith transferred documents containing a written description of the claimed process that enabled the practice of that chemical process by one of ordinary skill in the art, thus commercially exploiting the claimed chemical process encompassed by claim 1 (*see, e.g.*, original decision, *e.g.*, pages 14-17 and 41-43; prior decision on rehearing, pages 15-16 and 18-19).

We are not persuaded otherwise by appellant's argument that the sale did not occur in view of the nature of the "cooperative agreement" between Redox and Celanese when considered in light of "commodity chemical innovation," because even if Celanese had a duty to cooperatively experiment with the "Technology," including the claimed basic two step process invention encompassed by claim 1, which it did not, there is no joint development exception to the on-sale bar (*see, e.g.*, prior decision on rehearing, pages 19-21).

With respect to "experimentation" and "ready for patenting," we have carefully considered the authority that appellant has cited (present Request, *e.g.*, pages 11-14) and find that his reliance thereon is misplaced. These cases involve the issue of whether "experimental use" was necessary to make the later claimed invention "ready for patenting." It has long been the case that once an invention has been reduced to practice it is "ready for patenting," and there is no exception for further "experimentation," as most recently pointed out by the Supreme Court in stating that "proof of reduction to practice" satisfies the condition that "the invention must be ready for patenting" in *Pfaff, supra*. Our reviewing court and its predecessors have long followed this rule (*see, e.g.*, original decision, pages 36-37). It is also well settled that where the claimed invention is sold without the requirement for further experimentation, it is no longer the subject of experimentation (*id.*, page 37).

In the present case, there is *no* evidence in the record that Celanese experimented with the claimed basic two step process invention encompassed by claim 1 *per se*, and there is *no*

evidence that any experimentation conducted on the “Technology” after executing the Celanese Definitive Agreement that involved the claimed process is reflected in any claim limitation. Appellant’s arguments that the “Technology” had not been actually reduced to practice such that it could be successfully practiced for its intended practical utility beyond a probability of failure, are not persuasive because there is no evidence of record which supports such arguments with respect to the claimed invention, and in any event, it reasonably appears from the record that the reason that Celanese experimented with the “Technology” was to determine whether it could be “fine tuned” in order to obtain an advantage over a competitor (*see, e.g.*, original decision, pages 17 and 42-43; prior decision on rehearing, pages 19-20). In any event, Redox sold the claimed process to Celanese without a requirement that Celanese must further experiment with either the claimed process *per se* as or as part of the “Technology.” *See STX*, 211 F.3d at 591, 54 USPQ2d 1350 (“[A]ny ‘fine tuning’ the Excalibur heads may have required after the Bart’s sale does not undermine the conclusion that the invention was ready for patenting. *See Weatherchem*, 163 F.3d at 1332-34, 49 USPQ2d at 1006-7. And none of the material changes that STX alleges remained to be made at the time of the barring activity are reflected in either the claims or the specification of the patent that eventually issued.”).

While we have considered here the affect of appellant’s reduction to practice of the claimed basic two step process invention encompassed by claim 1 prior to including written descriptions of the same in documents used to disclose the “Technology” to Celanese, we have not lost sight of the fact that the written descriptions of these embodiments in the documents would have enabled one of ordinary skill in this art to practice the claimed process. This is in itself sufficient evidence that the claimed invention was “ready for patenting,” because there is no evidence that further experimentation was required for that purpose, and the result of the experimentation that was conducted on the “Technology” is not reflected in the claims or the specification of the present application. *Pfaff, supra*;⁷ *STX, supra, citing Weatherchem, supra*.

⁷ In *Pfaff*, the Supreme Court clearly stated the view that while a reduction to practice “ordinarily” is sufficient to establish that an invention is complete, the same can also be shown by other facts:

The word “invention” must refer to a concept that is complete, rather than one that is “substantially complete.” It is true that reduction to practice ordinarily provides the

Thus, upon reconsideration of our prior decision in light of appellant's present Request, we remain of the opinion that a preponderance of the evidence establishes that embodiments of the claimed process encompassed by claim 1 was on-sale more than one year prior to the filing of the present application within the meaning of 35 U.S.C. § 102(b).

We therefore decline to modify our original decision or opinion in any respect.

Accordingly, appellant's present request for rehearing has been carefully considered, but is denied with respect to making any changes in our original decision or opinion.

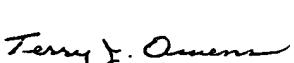
best evidence that an invention is complete. But just because reduction to practice is sufficient evidence of completion, it does not follow that proof of reduction to practice is necessary in every case. Indeed, both the facts of the Telephone Cases and the facts of this case demonstrate that one can prove an invention is complete and ready for patenting before it has been reduced to practice. [525 U.S. at 67, 48 USPQ2d at 1646.]

No time period for taking any subsequent action in connection with this appeal may be extended under 37 CFR § 1.136(a).

DENIED



CHARLES F. WARREN
Administrative Patent Judge



TERRY J. OWENS
Administrative Patent Judge

) BOARD OF PATENT
)) APPEALS AND
)) INTERFERENCES



DOUGLAS W. ROBINSON
Administrative Patent Judge

Appeal No. 1998-3109
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